Decline in net profits of commercial banks

†2443. SHRI P.K. MAHESHWARI: Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to 11.3 per cent decline in banks' net profit, as per a report of the RBI;

(b) if so, the reasons for the decline in scheduled commercial banks' net profit during 2000-2001 and 2001-2002; and

(c) the guidelines issued by Government to stop decline in profit of the banks in future?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) Yes, Sir.

(b) The primary reasons for the fall in net profit of public sector banks during the year 2000-01 were higher provisioning requirement on their non-performing assets (NPAs) and increase in expenditure on account of VRS. The banks are yet to finalise their annual accounts for the year 2001-02.

(c) Reserve Bank of India (RBI) and Government of India have advised the banks to take several steps to increase their profitability which include, rationalising their staff strength and branch network, abolition of zonal offices, reduction of NPAs, lowering of cost of deposits and operations and increasing their productivity.

Increase in limit on market borrowing by States

2444. SHRI RAMA MUNI REDDY SIRIGIREDDY: Will the Minister of FINANCE be pleased to state:

(a) whether there is any proposal before Government to allow the States to borrow more than the present limit from the market; and

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†Original notice of the question was received in Hindi.

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) No, Sir.

(b) Not applicable.

Freezing of Dearness Allowance to State Government employees

2445. SHRI RAMA MUNI REDDY SIRIGIREDDY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Central Government have asked the State Government to freeze the rates of Dearness Allowance to the State Government employees;

(b) if so, the details thereof; and

(c) the reaction of the State Governments to this proposal?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL) (a) No, Sir.

(b) and (c) Do not arise.

Corrupt practices in cooperative banks

2446. SHRIMATI VANGA GEETHA: Will the Minister of FINANCE be pleased to state:

(a) whether a number of cooperative banks have been found to be indulging in corrupt practices during the last one year;

(b) if so, the number of cooperative banks involved;

(c) whether enquiries have been held in this regard and persons guilty have been punished; and

(d) if so, the details thereof and the steps taken to check recurrences of frauds etc. in the banks?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL) (a) to (c) Reserve Bank of India (RBI) has reported that it would not be in order to say that a